

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 EB-11 COME-00 AID-20 IGA-02 OMB-01 TRSE-00

OPIC-12 DRC-01 /141 W

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R 061448Z SEP 74

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 0916

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E.O.11652: NA

TAGS: ECON PINS ET

SUBJ: AFCC AND THE BUSINESS COMMUNITY (PHASE II)

REF: ADDIS ABABA 10360

1. IN FOLLOW-UP TO LAST WEEK'S ACTIONS DESCRIBED REFTEL, AFCC ANNOUNCED EVENING SEPTEMBER 6 THAT ADDIS -BASED ST. GEORGE BREWERY AND HAILE SELASSIE I PRIZE TRUST WERE BEING TRANSFERRED THAT DAY TO MINISTRY OF FINANCE. ACCORDING ANNOUNCEMENT,BOTH BREWERY AND PRIZE TRUST WILL BE INCORPORATED INTO NATIONAL RESOURCES COMPANY UNDER SUPERVISION OF MINISTRY "FOR THE BENEFIT OF THE ENTIRE ETHIOPIAN PEOPLE." IT WENT ON TO SAY THAT BREWERY, CURRENTLY CAPITALIZED AT ETH\$9.5 MILLION (US\$4.2 MILLION), HAD BEEN STATE PROPERTY ALL ALONG, BUT PAID DIVIDENDS AMOUNTING TO MORE THAN ETH\$15 MILLION (US\$7.3 MILLION) TO EMPEROR AND "A FEW OFFICIALS." AS FAR AS PRIZE TRUST CONCERNED, COMMITTEE SAID ITS CONTINUED FUNCTIONING WAS UNNECESSARY FOR TIME BEING AND THAT ITS FUNCTION WOULD BE DETERMINED IN FUTURE IN SUCH WAY THAT IT WOULD BENEFIT ENTIRE COUNTRY INSTEAD OF A FEW INDIVIDUALS.

2. BREWERY, AFTER SERIES OF TRANSFERS OF OWNERSHIP, WAS EVENTUALLY BOUGHT BY GOVERNMENT IN 1952. IT APPEARS THAT FROM THAT DATE,
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HOWEVER, ALL REVENUES WERE REGULARLY TRANSFERRED TO EMPEROR AND

NUMBER OF OFFICIALS ON EMPEROR'S ORDERS. DOCUMENTS PURPORTEDLY SHOW THAT OVER PAST 22 YEARS, ETH\$19 MILLION (US\$9.3 MILLION) HAD BEEN PAID TO EMPEROR, LATE EMPRESS AND NINE HIGH-RANKING OFFICIALS, ALL OF WHICH SHOULD HAVE GONE TO CENTRAL TREASURY AS BREWERY WAS PART STATE DOMAIN. ETH\$3.7 MILLION (US\$1.8 MILLION) OF THAT AMOUNT WENT TO HAILE SELASSIE I PRIZE TRUST.

3. RELATED EDITORIAL, WHICH UNDOUBTEDLY AFCC-INSPIRED, APPEARED IN SEPTEMBER 6 ETHIOPIAN HERALD ATTACKING RUMORS THAT FOREIGN INVESTMENT WOULD BE NATIONALIZED. IT MENTIONED THAT "SILLY TALK" OBVIOUSLY INSPIRED BY DECISION TO NATIONALIZE ONE PUBLIC SHARE COMPANY (ANBASSA) WHICH IN FACT SERVING AS FRONT FOR ILLEGAL ENRICHMENT OF A CLIQUE AT EXPENSE OF PUBLIC FUNDS. EDITORIAL WENT ON TO SAY THAT "NEITHER AFCC NOR ANY GOVERNMENT ORGAN HAS CONSIDERED ANYTHING LIKE EXPROPRIATION OF FOREIGN-OWNED ENTERPRISES OR INDEED UNWARRANTED INTERFERENCE IN THEIR OPERATIONS. IT WILL REMAIN PART OF THE COUNTRY'S TRADITION TO WELCOME FOREIGNERS WHO CONTRIBUTE TO THE NATION'S DEVELOPMENT AND TO SAFEGUARD THEIR RIGHTS AND INTERESTS."

4. COMMENT: PRIZE TRUST SHOULD NOT BE CONFUSED WITH HAILE SELASSIE I FOUNDATION, WHICH DIFFERENT ORGANIZATION.
WYMAN

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